

**USAID/PERU**  
**STRATEGIC OBJECTIVE CLOSEOUT REPORT**  
**Date: June 28, 2002**

**1. SO NAME & NUMBER:**

USAID/Peru Special Objective: "Reduce Illicit Coca Production in Target Areas in Peru". No.527-005.

**2. GEOGRAPHIC LOCATION OF SO:**

The SpO operated in specific watersheds along river valleys in five major coca-producing areas that account for a majority of illicit coca in Peru:

- Aguaytía River Valley
- Alto Huallaga (including Tocache, Uchiza, Tingo Maria, San Martín)
- Apurímac (including VRAE [Valle Rio Apurimac y Ene, or Apurimac River Valley and Ene Region –including the special focus area of Palmapampa])
- Huallaga Central (including Ponaza, Biabo, and Sisa)
- Pichis-Palcazu (including Pachitea, La Merced, Rio Perené, Puerto Bermudez, and Satipo)

**3. CHANGES IN RESULTS FRAMEWORK DURING THE LIFE OF SO:**

The Results Framework included two intermediate results to achieve the special objective: IR1 "Increased commitment to reduce hectares devoted to coca production voluntarily" and IR2 "Law enforcement and interdiction". Only IR1 was under the manageable interest of USAID, while IR2 was based on GoP efforts supported by other USG agencies. Producers' commitment to reduce coca areas required conditions reflected in several Sub-IRs: 1.1. "Increased growth of the licit economy in comparison to the illicit economy"; 1.2 "Increased availability and access to basic services by the target population in the program area"; 1.3. "Increased public participation in local decision making"; 1.4 "Increased awareness of social and ecological damage caused by drug production and use". Additionally "Reduced price of coca leaf and paste" was included as 1.5., as a responsibility of the GoP with support from other USG agencies.

A mid-term evaluation of Alternative Development Program was carried out in CY 2000. As a result several changes were proposed in SpO5's strategy, taking into account results achieved and lessons learned. These changes were incorporated in the new Mission Strategy for FY 2002 to 2006 under Special Objective # 5 (later changed to # 13) "Sustained reduction of illicit drug crops in target areas of Peru". Changes in the SpO reflected progress in reduction in the number of hectares of illicit coca and the need to assure sustainability of results.

IR1 was changed to "Increased alternative development in target areas" as a basic condition to achieve sustained reduction of illicit crops. This reflected an improved definition of alternative development, which was understood to be the development of a licit economy, improved living conditions and a fully restored local authority based in a strengthened institutional framework.

IR2, now defined as "Law enforcement and interdiction" continue to rely on GoP and other USG agencies' efforts.

#### 4. SO-LEVEL IMPACT (EXPECTED VS. ACTUAL):

The main indicator that shows impact at SpO level is the number of hectares devoted to the coca crop. This value diminished from 115,000 hectares in 1995 (baseline) to 34,200 hectares in 2001. This total includes approximately 12,000 hectares required to meet licit coca production needs for traditional purposes and for licit coca products.

| Indicator                                   |             | Baseline<br>1995 | 1997    | 1998    | 1999    | 2000    | 2001    |
|---|-------------|------------------|---------|---------|---------|---------|---------|
| Hectares devoted to coca production in Peru | Target      |                  | 92,700  | 90,200  | 79,700  | 68,300  | 60,000  |
|   | Revised (1) |                  |         |         | 40,800  | 32,640  | 26,112  |
| Unit: Number of hectares                    | Actual      | 115,000          | 69,000  | 51,000  | 38,700  | 34,200  | 34,000  |
| Coca leaf production in Peru                | Target      |                  | 171,495 | 166,870 | 147,445 | 126,355 | 111,000 |
|   | Revised (1) |                  |         |         | 76,704  | 61,363  | 49,091  |
| Unit: Metric tons                           | Actual      | 183,600          | 130,600 | 95,600  | 69,200  | 54,300  | 52,600  |

(1) Revised because of early attainment of original targets

#### 5. IR-LEVEL IMPACT (EXPECTED VS. ACTUAL):

At IR level, relevant indicators were:

| Indicator  |             | Baseline | 1997  | 1998  | 1999   | 2000   | 2001   |
|--|-------------|----------|-------|-------|--------|--------|--------|
| Number of communities represented in signed coca reduction agreements in ADP target areas  | Target      |          | 226   | 456   | 706    | 850    | 1,006  |
|  | Actual      | 226 (2)  | 239   | 581   | 679    | 679    | 679    |
| Ratio of licit agriculture production to total coca production   | Target      |          | 38.3  | 40.6  | 47.3   | 56.8   | 66.0   |
|  | Revised (4) |          |       |       | 164.3  | 194.1  | 226.5  |
| Unit: Percentage   | Actual      | 37.3 (2) | N/A   | 104.9 | 85.4   | 80.9   | 85.5   |
| Number of jobs generated in AD Program target areas.   | Target      |          | 1,140 | 6,220 | 11,300 | 15,810 | 19,540 |
|  | Actual      | 0 (3)    | N/A   | N/A   | 9,300  | N/A    | N/A    |
| Percent of households with unsatisfied basic needs in Alternative Development Program areas (5)                                      | Target      |          | 76    |       |        |        |        |
|  | Actual      | 84 (3)   | 66.3  |       |        |        |        |
| Percentage of households with access to basic services in ADP target areas (6)   | Target      |          |       |       | 45     | 50     | 55     |
|  | Actual      |          |       | 39    | 49.4   | 51.2   | 66.1   |
| Percentage of public that recognizes that drug production and consumption cause environmental and social damages in ADP target areas | Target      |          | 21    | 31    | 42     | 55     | 59     |
|  | Revised (7) |          |       |       | 65     | 70     | 77     |
| Unit: percentage   | • Environ.  |          |       |       | 50     | 60     | 70     |
|  | • Social    |          |       |       | 75     | 80     | 85     |
| Actual   | Actual      | 12 (2)   | N/A   | 59    | 84     | 28     | 45     |
|  | • Environ.  |          |       | 44.0  | 72.6   | 29.5   | 46.1   |
|  | • Social    |          |       | 74.1  | 95.5   | 93.9   | 93.5   |

(2) Baseline year 1996

(3) Baseline year 1995

(4) Revised because of early attainment of original target

(5) Used up to 1997 to measure progress in IR 5.1.2

(6) Used from 1998 to measure progress in IR 5.1.2

(7) Revised to differentiate perception on environmental and social damage, and to reflect Program's attainments

## 6. LESSONS LEARNED IN IMPLEMENTATION OF THE SpO:

### OVERALL STRATEGY AND PROGRAM SETTING

- An integrated counter-narcotics effort is key for Alternative Development success. Experience shows critical influence of GOP-USG law enforcement efforts on AD activities supported by USAID. For instance, AD success depends on coca prices, which are kept under control with effective interdiction actions. At very high coca price levels, there are limited chances for success, since licit products cannot compete and labor costs are greatly increased. Eradication requires intensive interdiction to demonstrate the futility of coca economy. These interventions should be accompanied by a strong communication program. If not coordinated, eradication can contribute to increased coca prices and create conflicts, confrontation and increased militancy by coca growers. Security conditions that permit long-term work in an area are required to effectively implement an economic development program. A safe environment allows permanence of project implementers, access of services to larger number of farmers, and promotes opportunities for the success of licit economic activities.
- Development approach should not have a focus on coca issues. The AD development agenda has never focused on coca growers' organizations (cocaleros). The AD program is aimed at providing the conditions required to sustain coca reduction across the Peruvian high jungle. A relatively small part of the program could focus on specific coca-related interventions but this should not be confused with the long-term development strategy. A focus on coca and cocaleros stymies the development of democratic processes as it diverts attention to those who promote strikes and marches. Some GOP's agencies have centered their dialogue efforts on coca grower organizations that have restricted interaction with other players, and has put the GOP in an untenable position in the face of impossible demands
- Focus should be on integrated rural development in source zones ADP successes have been linked to a region-wide program approach that addresses the social and economic concerns of the region, promotes democratic processes and mechanisms and foster community-led development. When it has been possible to put in place an integrated approach including infrastructure, licit economy support and local governance interventions, conditions for sustained coca reduction and sustainability of impacts have been achieved. This approach should now be applied to coca source zones; a careful design of overall intervention and a close coordination with law enforcement efforts are required.

### LICIT ECONOMIC ACTIVITIES

- "Commodity approach" alone fails to address economic and social needs of farm families. Focus on promoting one or few licit crops in a coca-growing zone has not been effective. Proper market linkage and consideration of producers' families are ingredients for a sustainable licit regional economy. This approach reduces families' dependence on exogenous factors like international prices that may affect farmer incomes and attitudes towards alternative development actions. Alternative Development must be market oriented, and include identification of markets and efficient marketing channels as the first step in design and implementation of any actions to promote licit economic development activities. It also requires consideration of farm families' income-generation strategy, usually based on a diversification of income sources, both farm and non-farm related. Family interests and dynamics must be assessed before intervention, including differentiation of groups of farm families with different needs and production resources.
- Intervention design and implementation has particular challenges in AD areas. Economic and social distortions caused by coca production and trafficking affect opportunities for promotion of licit activities and raise obstacles to economic interventions. Initial assessments including participating family profiles and identification of bottlenecks are specially needed. Poorest families don't easily

engage with traditional technical assistance programs. Because of competition from more profitable coca crops, direct assistance and other interventions must be integrated with law enforcement actions. Short-term interventions may include food crop production as a means to increase food security; however, the overall market orientation should be kept. Traditional credit approaches have generally failed. Micro-finance interventions have proved successful in several cases, but still require intensive efforts to overcome problems due to social unrest and distrust of institutions.

## **ECONOMIC AND SOCIAL INFRASTRUCTURE**

- Sustainability of infrastructure works should be defined as a policy precept at beginning of intervention. Roads rehabilitation should be linked to a sustainable road maintenance program. Additionally, design for roads should incorporate construction of drainage sub-infrastructure -- culverts, ditches, gutters etc. This enhances sustainability of works, and lowers significantly maintenance costs. On the other hand, the scope of basic social infrastructure should not be rigid. At a first stage only minimum infrastructure is required, but as a community develops other needs appear, and additional support may be key to sustain development efforts. A comprehensive approach that includes assessment of capacity to generate and manage local resources should be in place for implementing and phasing out this support as local contributions progressively increase.

## **INSTITUTIONAL STRENGTHENING AND POLICY ENVIRONMENT**

- Community ownership of the development process is a critical factor in achieving sustainable results. Mid-term evaluation of AD Program concluded that the local government strengthening component created an environment that made narco-trafficking out of place in the community. Local communities continued to carry out activities, even where project activities had been completed, whether through the mothers' clubs, school or water system maintenance committees, or other activities. Community-level work provided a stabilizing anchor for other project activities in difficult times or situations. Community ownership requires population involvement in planning and prioritizing activities, as well as requiring their contribution to project cost. Income generation for local governments is also an important goal; activities like cadastral development are necessary. Several factors are outside program control: local leadership is key to develop communities and institutions; and even population values and cultural attributes may constrain or enhance chances for success; medium and long-term frameworks are required, since results are limited and hardly sustainable for short-term interventions.
- Appropriate institutions must be in place. Institutional weakness in counterparts has been in some cases a major obstacle to program implementation. Institutional strengthening may be necessary to ensure the administrative, technical or policy formation capacities needed. The AD counterpart, Contradrogas (now DEVIDA), has been unstable due to frequent change of leadership. Where possible, local capacity strengthening as opposed to relying mostly on external institutions has been key to achieve ownership, sustainability and lower program costs (including travel expenses, information gathering and less delays in implementation).
- National policies are key to alternative development. While it is possible to address problems as they show up, it is better to have a structural approach and address policy constraints that cause some problems to be continuously present. Several policy issues need to be addressed, in order to have sustainable results and not just "plow the sea", since constraints at local level are in many cases linked to national policy issues. Policy improvements should result in better decision-making processes thus enhancing government's efficiency and effectiveness. Some key policy issues to address are:
  - o National policy for road maintenance
  - o National policy for forest conservation
  - o Legal framework on coca cultivation and eradication activities.
  - o Decentralization
  - o National budget resource allocation

## PROGRAM IMPLEMENTATION

- Basic conditions must be in place at program start. The ADP strategy was poorly defined initially and the program started by aggregating projects in the GOP portfolio that led, in some cases, to ineffective and disconnected interventions. Strategies and action plans are needed at start-up. A weak counterpart institution initially led to problems on strategic alignment with program objectives, slow implementation and huge pipeline. All related systems (offices, processes, etc.) must also be in place both within counterparts and Mission, with defined responsible staff.
- Implementation mechanisms are diverse and should involve consideration for implementing agency capabilities and strengthening needs. Several cases illustrate this point:
  - o The infrastructure program worked initially with the original counterpart organization (INADE) but the centralized and inefficient agency was unable to meet implementation targets. By diversifying to involve several institutions with specific skills and geographic coverage, the program was able to dramatically increase capacity. It demanded extra work from USAID, including accounting and contracts efforts, but results warranted the effort.
  - o USAID has not assumed a passive role as a traditional funding agency. It has had substantial involvement in projects, providing advice, sharing problem assessments and recommending solutions. This active attitude has also been evident in relations with international partners like the IDB and WB. Despite need to delegate implementation issues to partners in the case of cooperators, USAID has looked for synergies and collaboration whenever possible. Counterparts have accepted and even asked for USAID involvement. This has contributed to a good image for USAID in the development community and with clients.
  - o Despite usual skepticism on Host Country Contracts, AD decided to work with GOP, based on qualified experience and technical strength in infrastructure works of Peruvian Ministries of Transport (MTC) and Energy/Mines (MEM). This required considerable effort at start, including redesign of cover agreements; modification of contracts to incorporate USAID mandatory clauses; and instructions on procedures for incremental USAID approvals. These HCC have provided excellent results and have strengthened host country capacity to implement infrastructure works with international support.

## 7. LIST OF EVALUATIONS/SPECIAL STUDIES:

Mid-Term Evaluation – Price Waterhouse Coopers – 2000/2001

## 8. ESTIMATED OTHER DONOR/PARTNER/COUNTERPART CONTRIBUTIONS:

| Year         | Public investment in ADP areas | Operating expenses Contradrogas | TOTAL              |
|--------------|--------------------------------|---------------------------------|--------------------|
| 1997         | 34,711,000                     | 1,059,679                       | 35,770,679         |
| 1998         | 44,137,000                     | 2,250,092                       | 46,387,092         |
| 1999         | 20,811,210                     | 2,396,416                       | 23,207,626         |
| 2000         | 15,422,431                     | 1,997,137                       | 17,419,568         |
| 2001         | 16,086,695                     | 2,225,717                       | 18,312,412         |
| <b>TOTAL</b> | <b>131,168,336</b>             | <b>9,929,041</b>                | <b>141,097,377</b> |

## 9. PEOPLE DIRECTLY INVOLVED WITH THE SpO:

| NAME              | TITLE                         | DATES WORKING ON SpO  |
|-------------------|-------------------------------|-----------------------|
| Andrew M. Maxey   | Director ADP                  | 1996 - 2002           |
| Stanley Stalla    | Rural Dev. Off./LEA Advisor   | 1996 -1997/2001 -2002 |
| Hugh S. Plunkett  | Rural Dev. Officer            | 1998 - 2002           |
| Peter H. Deinken  | Local Gov. Advisor            | 1997 - 2002           |
| Marion Ford       | LEA Advisor                   | 1997 - 1999           |
| Allen Turner      | LEA Advisor                   | 2000 - 2001           |
| Alfredo Larrabure | Infrastructure Advisor        | 1995 - 2002           |
| Esau Hidalgo      | Social Infrastructure Advisor | 1995 - 2002           |
| Connie Gutierrez  | LEA Advisor                   | 1998-2002             |
| Tommy Fairlie     | Environmental Protec. Coord.  | 1995 - 2002           |
| Donato Peña       | MIS Coordinator               | 1995 - 2002           |
| Teresa Mendez     | Administrative Assistant      | 1995- 2000            |
| Lucy Hardmeir     | Administrative Assistant      | 1995 - 2001           |
| Leonor Vasquez    | Administrative Assistant      | 1995-2002             |
| Carla Cisneros    | Project Management Assistant  | 2000-2002             |
| Teresa Moreno     | Secretary                     | 2001-2002             |
| Rossana Erkel     | Secretary                     | 1995-2002             |
| Gloria Maniak     | Secretary                     | 1995-2002             |

## 10. LIFE OF SO (1997-2001) FUNDING:

|             |             |
|-------------|-------------|
| DA          | 43,000      |
| CSD         | 150,000     |
| PL 480      | 0           |
| ESF         | 84,000      |
| INL         | 140,128,917 |
| USAID TOTAL | 140,405,917 |
|             |             |
| GRAND TOTAL | 140,405,917 |

Note: This SO is carrying forward a pipeline of \$30,909,661 of Economic Support funds to support the continuation of some activities under the new Strategic Objective No. 13, Reduced Illicit Coca Production in Target Areas of Peru

# 11. SUMMARY LIST OF ACTIVITIES UNDER THE SO:

| Activity Title/Short Description  | FY 1997-2002<br>Funding<br>Amount | Start and<br>End Date | Implementing<br>Organizations   |
|---|-----------------------------------|-----------------------|---|
| <b>Alternative Development Program</b><br>Joint effort of USG and GOP to achieve a significant, sustainable reduction of illicit coca production in Peru, by providing farmers with alternative licit sources of income along with improved living conditions for their communities. It comprises the following components: | 140,405,917                       | 1995-2003             |   |
| <ul style="list-style-type: none"> <li><b>Social and Economic Infrastructure</b></li> </ul>   | 69,372,781                        | 1995-2003             | PESCS, AMRESAM, CTARU, PEPP,PEAH, PADCO, PEHCBM, APENAC, AMUVRAE, WINROCK, MEM, MTC/PCR |
| <ul style="list-style-type: none"> <li><b>Licit Economic Activities</b></li> </ul>  | 58,119,500                        | 1995-2003             | PRISMA, WINROCK, ADEX, CARE, PRA  |
| <ul style="list-style-type: none"> <li><b>Institutional Support to Contradrogas</b></li> </ul>  | 4,201,000                         | 1997-2003             | CONTRADROGAS (now DEVIDA)   |
| <ul style="list-style-type: none"> <li><b>Program monitoring and support</b></li> </ul>   | 8,435,636                         | 1995-2003             | Diverse   |
| <ul style="list-style-type: none"> <li><b>Narcotics Awareness</b></li> </ul>  | 277,000                           | 1995-2003             | CEDRO   |

## ANNEXES:

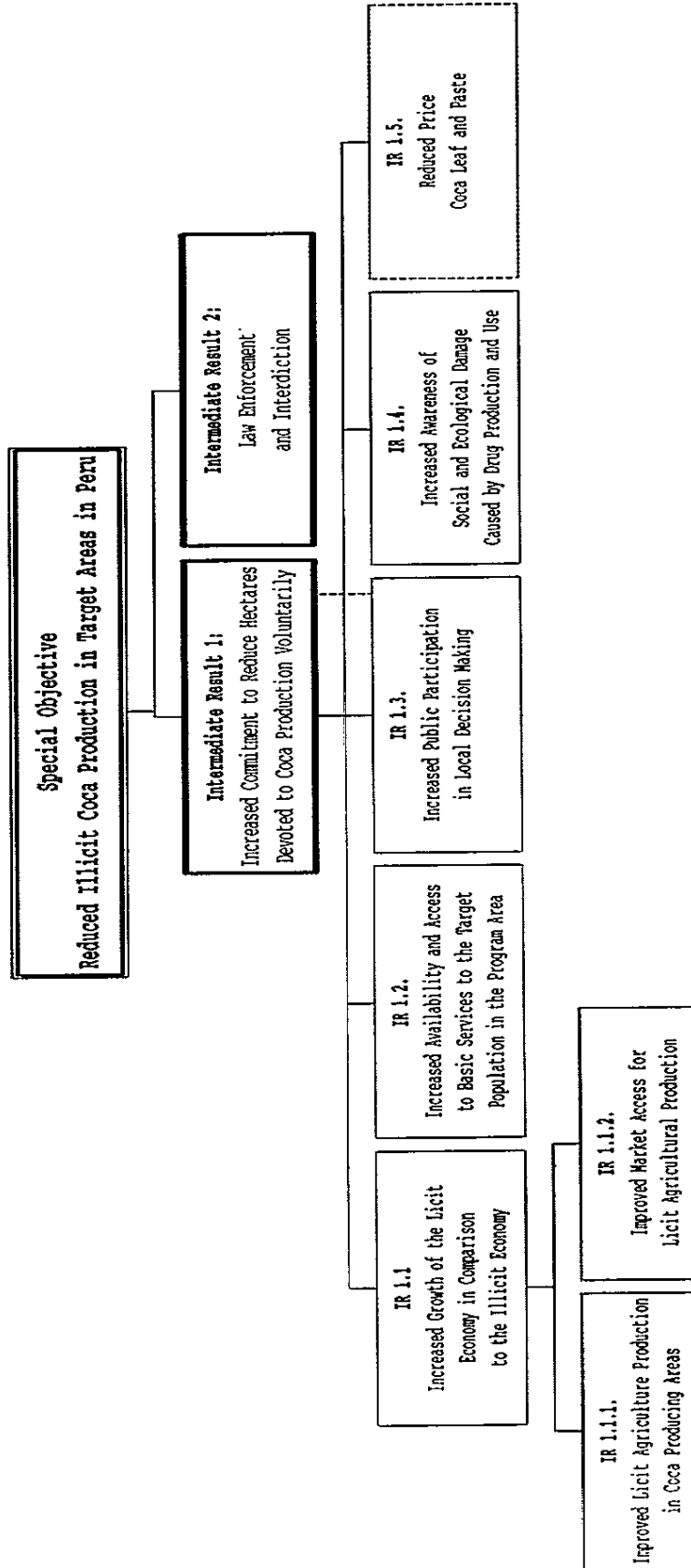
Results Frameworks

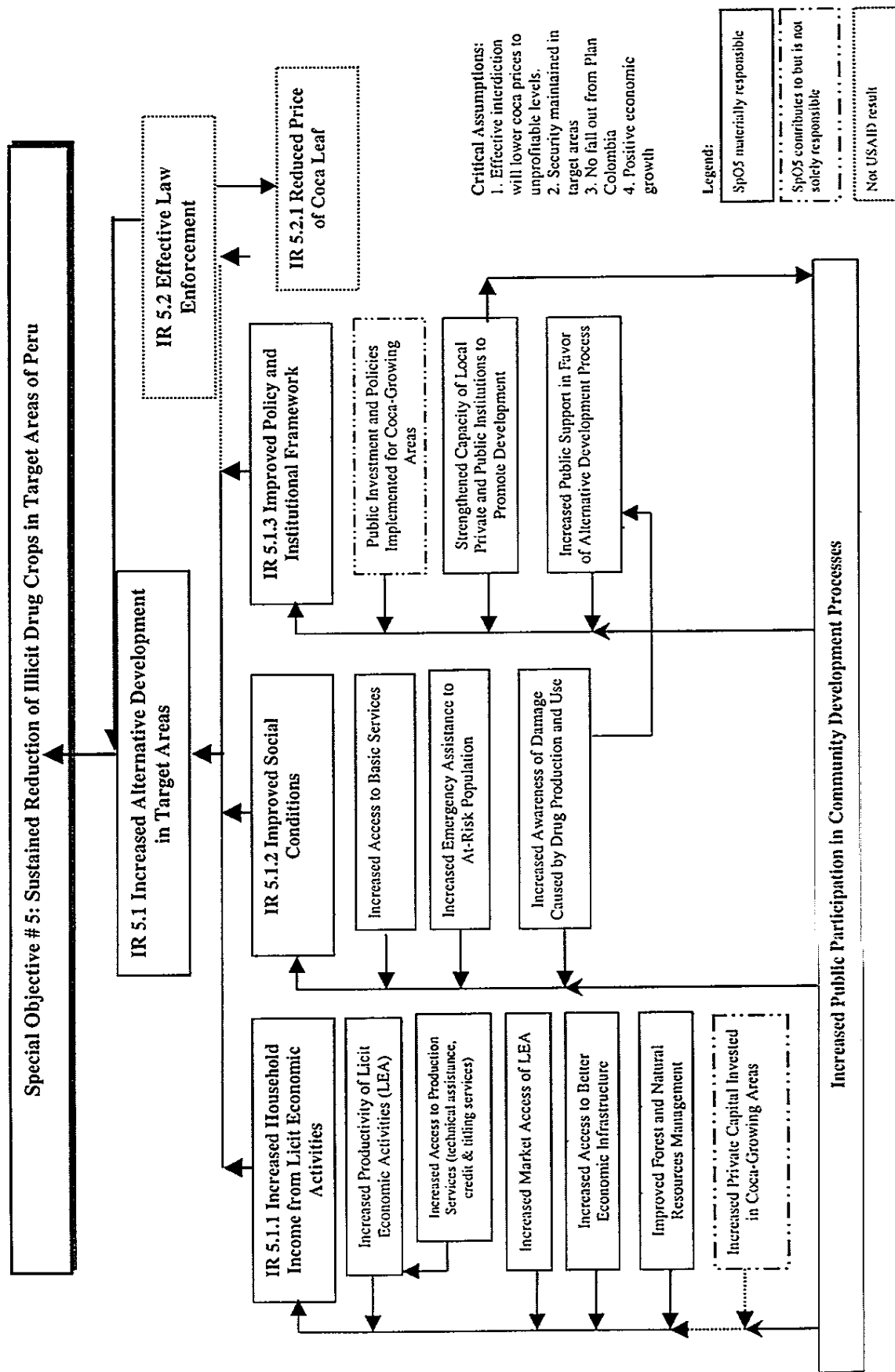
Completed FY 97-01 PMP with indicator table

## SO Team Clearances:

Team Leader: LKR  
Program Office Backstop: [Signature]

# Special Objective Results Framework





# **USAID Performance Monitoring System for the Country Development Strategy for Peru FY 1997- FY 2001**

September, 1997

(Tracking Table updated to 2001)

V. SPECIAL OBJECTIVE: REDUCED ILLICIT COCA PRODUCTION IN TARGET AREAS IN PERU

A. Overview of the Results Framework

Peru produces over half the world's coca leaf, supplying the raw material for 80 percent of the cocaine consumed in the U.S. USAID/Peru's special objective to reduce illicit coca production addresses a major U.S. foreign and domestic policy goal and has broad-based international and Peruvian support.

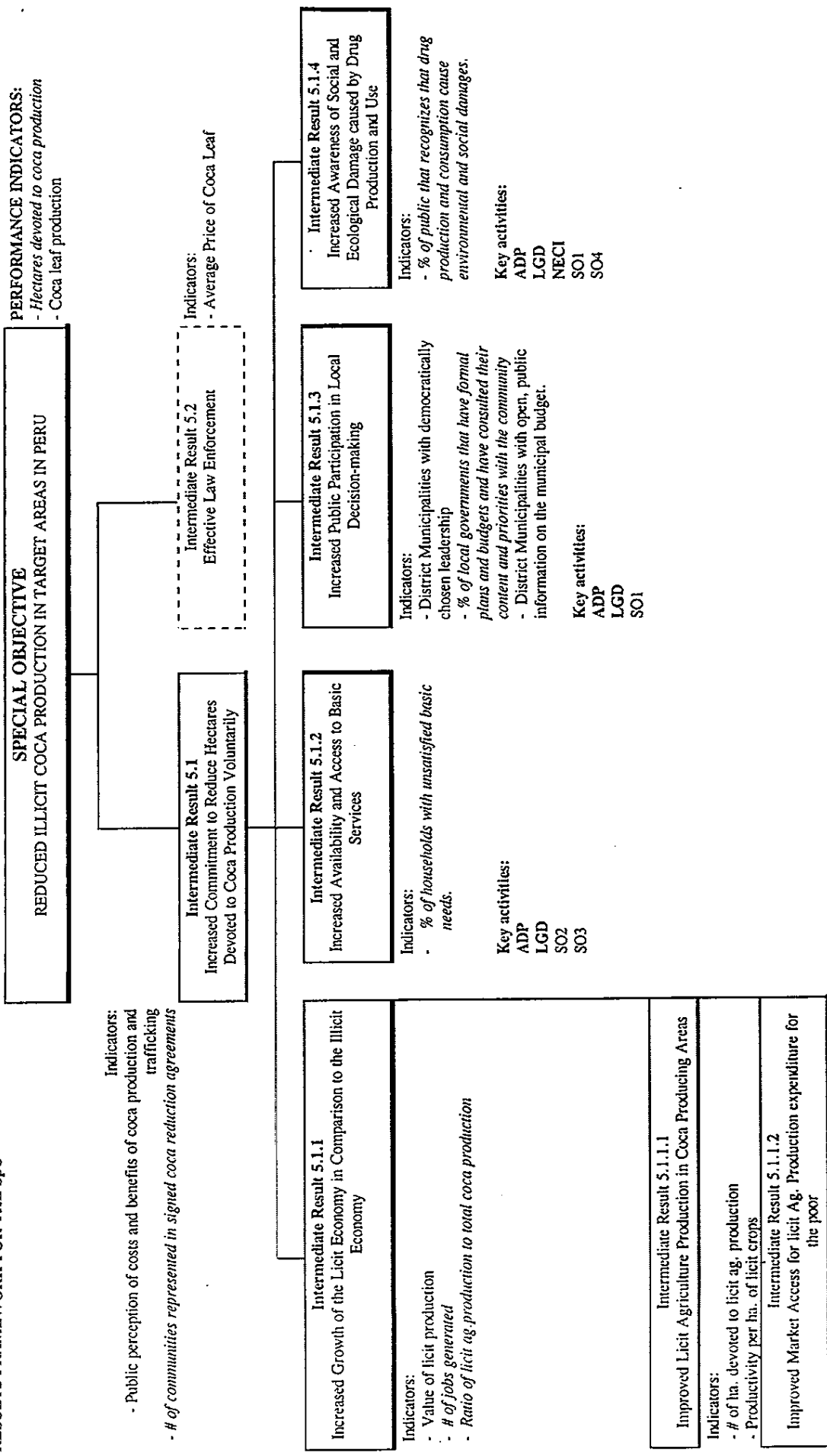
This Special Objective (SpO) is a specialized program with broad-based objectives, which includes all sectors involved in sustainable development. The Alternative Development Program is one of two major components of the U.S. counternarcotics strategy to achieve the SpO. The other component is interdiction to keep coca prices down to a level that coca production is no longer an attractive alternative to coca farmers. Without effective interdiction activities, alternative development activities, by themselves, cannot achieve the stated objective.

The Alternative Development Program seeks to increase the commitment to reduce illicit coca production voluntarily. This change in behavior will depend on a combination of factors that is the basis of the results framework: 1) Increase in the growth of the licit economy in comparison to the illicit economy; 2) Increase availability and access to basic services; 3) Increase public participation in local decision-making; and 4) Increase awareness of social and ecological damage caused by drug production and use.

The achievement of the above mentioned results engenders a participatory methodology and includes a broad range of socioeconomic initiatives to alleviate poverty, generate licit employment alternatives, and improve the well-being of people in coca-producing areas. Its results focus on activities to strengthen local governments, meet immediate subsistence needs, provide increased income and employment opportunities, improve infrastructure, protect natural resources and increase awareness of the harmful effects of coca cultivation and the benefits of development. Key USAID/Peru activities contributing to the achievement of this SpO are the Alternative Development (ADP), the Local Government Development (LGD), the Narcotics Awareness and Community Initiatives (NECI) and now Micro and Small Business Producers (MSP). Activities under the other four USAID/Peru strategic objectives (SO1, SO2, SO3 and SO4) also contribute to the achievement of the intended results.

Because of the political nature of this objective, its success or failure will depend upon the continued support of both the Peruvian and U.S. governments and other donors to reduce coca production to minimally tolerable levels.

# RESULTS FRAMEWORK FOR THE SpO



Note: Indicators in italics are to be reported in the R4.

SO5-2

# PERFORMANCE MONITORING PLAN FOR THE SPECIAL OBJECTIVE:

## Reduced Illicit Coca Production In Target Areas in Peru.

| PERFORMANCE INDICATOR  | INDICATOR DEFINITION AND UNIT OF MEASUREMENT   | DATA SOURCE   | METHOD/ APPROACH OF DATA COLLECTION OR CALCULATION  | DATA ACQUISITION BY MISSION |   |                    | ANALYSIS & REPORTING    |  |
|--|--|---|---|-----------------------------|---|--------------------|-------------------------|--|
|  |  |   |   | SCHEDULE/ FREQUENCY         | RESPONSIBLE TEAM/COSTS                        | SCHEDULE BY REPORT | RESPONSIBLE TEAM/OFFICE |  |
| SPECIAL OBJECTIVE: REDUCED ILLICIT COCA PRODUCTION IN TARGET AREAS IN PERU   |  |   |   |                             |   |                    |                         |  |
| 1. Hectares devoted to coca production in Peru (Disaggregated by valleys.)<br><br>R4 reported  | Definition: Hectares cultivated (not abandoned) . Includes illicit and licit production<br><br>Unit: number hectares   | NAS/USAID/UN funded aerial photos and satellite images.<br>CADA/CORAH verification<br><br>USAID/NAS analysis. | Computer analysis of photo imagery by satellite or plane by USAID/NAS/ UN as part of annual certification exercise of the Embassy.<br><br>On ground verification by CADA/ CORAH | Annual in January           | SO-5-NAS                                      | R4                 | SO 5 & PDP              |  |
| 2. Coca leaf production in Peru (Disaggregated by valleys.)<br><br>R4 reported   | Definition: Productivity per Ha. times number of Has. cultivated times number harvests. Includes illicit and licit production<br><br>Unit: Metric tons   | INADE/ADP-MIS<br><br>CORAH/NAS  | Field survey of average yields and # harvests per geographic area times # Has from above computer analysis.   | Annual in January           | SO-5-NAS                                      | R4                 | SO5 & PDP               |  |
| COMMENTS/NOTES:  |  |   |   |                             |   |                    |                         |  |
| Intermediate Result 5.1: Increased Commitment to Reduce Hectares Devoted to Coca Production Voluntarily  |  |   |   |                             |   |                    |                         |  |
| 1. Public perception of costs and benefits of coca production and trafficking in population centers in AD Program target areas<br><br>(Analyzed by socio-economic variables) 1/  | Definition: Point spread between absolute values of 2 points on the same scale: one for the benefits on a positive side and another for the costs on a negative side (zero midpoint). Point spread is benefits less costs (in absolute numbers).<br><br>Unit: +or - point spread | INADE/ADP Survey  | Survey by INADE/ADP in population centers in AD Program target areas of adults 18 years and older.  | Biannual in June            | SO-5 - Awareness RP. Estimated cost: \$50,000 | R4                 | SO 5 & PDP              |  |
| 2. Number of communities represented in signed reduction agreements in AD Program target areas<br><br>R4 reported  | Definition: Cumulative number of communities. Reduction agreements are signed by local government authorities with their communities (coordinated by INADE)<br><br>Unit: Number communities (proxy).   | INADE/ADP-MIS reduction agreement records.  | Sum up the agreements in a given year.  | Semi-annual                 | SO-5 Communicatio<br>is RP                    | R4                 | SO 5 & PDP              |  |
| COMMENTS/NOTES: ALTERNATIVE DEVELOPMENT PROGRAM (ADP) is an integrated program of service delivery interventions designed to induce a permanent behavioral change in people, incrementing growth of the licit economy in comparison to the illicit coca based economy, and improving the quality of life for former coca farmer families and communities by meeting their basic needs and increasing their participation in local decision making. |  |   |   |                             |   |                    |                         |  |
| 1/ Socio-economic variables include: gender age, education, urban/rural.<br>ADP zones include: 1) Rio Apurimac-Ene, 2)Huallaga Central-Alto and Bajo Mayo, 3) Alto Huallaga, 4) Aguaytia, 5) Pichis-Pachitca-Perene-Tambo, 6) Bajo Huallaga-Yurimaguas, 7) La Convencion-Lares, 8)   |  |   |   |                             |   |                    |                         |  |

| PERFORMANCE INDICATOR   | INDICATOR DEFINITION AND UNIT OF MEASUREMENT   | DATA SOURCE  | METHOD/ APPROACH OF DATA COLLECTION OR CALCULATION  | DATA ACQUISITION BY MISSION   |                        | ANALYSIS & REPORTING |                         |
|---|--|--|---|-------------------------------|------------------------|----------------------|-------------------------|
|   |  |  |   | SCHEDULE/ FREQUENCY           | RESPONSIBLE TEAM/COSTS | SCHEDULE BY REPORT   | RESPONSIBLE TEAM/OFFICE |
| Tambopata-Inambari, 9) Marañon.<br>ADP target areas (as per 1997) include the valleys of : Rio Apurimac in zone 1, Ponaza-Biavo-Sisa in Zone 2, Tocache-Uchiza in zone 3, Pichis-Palcazu-Pachitea in Zone 4, and zone 5 Aguaytia. |  |  |   |                               |                        |                      |                         |
| Intermediate Result 5.1.1: Increased Growth of the Licit Economy in Comparison to the Illicit Economy.  |  |  |   |                               |                        |                      |                         |
| 1. Value of licit production in Alternative Development Program target areas.<br><br>(Analyzed by main product)   | Definition: Volume of licit products leaving Alternative Development Program target areas on major routes to markets times farm gate prices plus dollar volume of local consumption of the same products.<br><br>Unit: dollars(million). | INADE/ADP- MIS   | Monthly surveys of traffic on major market routes from AD Program target areas and annual surveys of local consumption within the same areas.     | Semi-annual in March, October | SO5 Economic growth RP | R4                   | SO & PDP                |
| 2. Number of jobs generated in AD Program areas.<br><br>R4 Reported   | Definition: Cumulative number of full time jobs (or equivalent) generated in AD Program target areas.<br><br>Unit: Number of full-time equivalent jobs (by gender)   | INADE/ADP Management Information System (MIS) ADEX MIS | Estimated from expansion of legal agriculture activities and non-farm activities.   | February                      | SO5 Economic growth RP |                      |                         |
| 3. Ratio of licit agriculture production to coca production in AD Program target areas.   | Definition: Total value of licit agricultural production in AD Program target areas divided by the calculation of total value of production of coca leaf.<br><br>Unit: Percentage  | INADE/ADP-MIS ADEX MIS                                 | Value will be estimated monthly applying the average monthly prices (MAG) of the selected products to the volume reported by INADE ADP-MIS, ADEX. | Semi-annual                   | SO5 Economic Growth RP | R4                   | SO5 & PDP               |
| COMMENTS/NOTES: A full time job is equivalent to 194 work days in agriculture sector.   |  |  |   |                               |                        |                      |                         |

| Intermediate Result 5.1.1.1: Improved licit agriculture production in coca producing areas                            |  |   |  |                                  |                         |    |
|---|--|---|--|----------------------------------|-------------------------|----|
| 1. Number of hectares devoted to licit agricultural production in AD Program areas.                                   | Definition: Hectares cultivated in a geographic area defined by the AD Program.<br>Unit: Number hectares   | NAS/USAID/UN funded aerial photos and satellite images.<br>INADE/ADP-MIS<br>WINROCK, ADEX | Computer analysis of photo imagery by satellite or plane by USAID/NAS/ UN as part of annual certification exercise of the Embassy.<br>On ground verification by INADE/ADP-MIS, WINROCK, ADEX | Annual in April.                 | SO-5 Economic Growth RP | R4 |
| 2. Productivity per hectare of licit agricultural production in AD Program areas.<br>(Analyzed by product and valley) | Def.: Average change in yields per Ha of seven major products in areas selected by ADP (Rice, yellow corn, cacao, coffee, banana, papaya, cassava).<br>Unit: Percentage  | INADE/ADP-MIS<br>WINROCK<br>ADEX  | Winrock, ADEX annual field tests of productivity of random sample of producers by product  | Annual in April.                 | SO-5                    | R4 |
| COMMENTS/NOTES:   |  |   |  |                                  |                         |    |
| Intermediate Result 5.1.1.2 Improved market access for licit agricultural production.                                 |  |   |  |                                  |                         |    |
| 1. Farm gate producer price as a percentage of end price.<br>(Disaggregated by product)                               | Definition: Farm gate producer price is defined as the price paid to small farmers for their products. End price is defined as the domestic wholesale price.<br>Selected products are: Rice, yellow corn, cacao, coffee, banana, papaya, cassava in a geographic area defined by the AD Program.<br>Unit: Percentage | MSP/INADE/<br>WINROCK<br>ADEX   | Quarterly surveys of farmgate prices by MSP/Winrock.   | Semi-annual in August and March. | SO-5 Economic Growth RP | R4 |
| COMMENTS/NOTES:   |  |   |  |                                  |                         |    |

**Intermediate Result 5.1.2: Increased Availability and Access to Basic Services to the Target Population in AD Program areas.**

| 1. Percent of households with unsatisfied basic needs in Alternative Development Program areas.<br>(Analyzed by male/female headship, location)<br>R4 reported  | Living Standards Surveys | Living Standard Surveys of a representative sample per each target area.<br>Sentinel community surveys undertaken by INADE or contracted PVO. | Annual in October | SO-5 Basic Services RP<br>Cost: \$50,000 | R4 | SO 5 & PDP |
|---|--------------------------|---|-------------------|--|----|------------|
| <p><b>Definition:</b> A household is defined as having unsatisfied basic needs if it demonstrates at least one of the following characteristics:</p> <ul style="list-style-type: none"> <li>- no sewage, drainage or toilet system;</li> <li>- more than three people per bedroom;</li> <li>- temporary construction materials, i.e. dirt floors, straw mat walls, etc;</li> <li>- head of family with incomplete primary school; and more than three dependents per income earner;</li> <li>- children between the ages of 6 and 12 that do not attend school.</li> </ul> <p><b>Unit:</b> percentage</p> |                          |   |                   |  |    |            |

**COMMENTS/NOTES:**

**Intermediate Result 5.1.3: Increased Public Participation in Local Decision-making**

| 1. District Municipalities with democratically chosen leadership in the Alternative Development Program target areas.   | INADE/ Municipalities | AD Program monitoring of Municipality elections | Annual in February | SO-5 Basic Services RP  | R4 | SO5 & PDP  |
|---|-----------------------|---|--------------------|-------------------------|----|------------|
| <p><b>Definition:</b> Either elected by the public as a slate of candidates for an authority to select from, or elected directly with authority concurrence</p> <p><b>Unit:</b> Number</p>  |                       |   |                    |                         |    |            |
| 2. District Municipalities with open, public information on the municipal budget  | INADE/ Municipalities | AD Program monitoring of Municipality behavior  | Annual in February | SO- 5 Basic Services RP | R4 | SO 5 & PDP |
| <p><b>Definition:</b> Open, public information means published and distributed or posted in a public location. Budget information means anticipated revenues, operating plan, and its global budget .</p> <p><b>Unit:</b> Number</p>  |                       |   |                    |                         |    |            |
| 3. Percent of local governments that have formal plans and budgets and have consulted on the content and priorities of these plans and budgets with the community.<br>(Disaggregated by target areas)<br>R4 reported  | INADE-ADP-MIS Survey  | AD Program Monitoring of Municipal records      | Annual in February | SO-5 Basic Services RP  | R4 | SO 5 & PDP |
| <p><b>Definition:</b>A local government is defined as having formal plans and budgets in place if they have: a program of activities with objectives and targets; an implementation schedule; the commitment of organizations responsible for implementation; and the necessary human, financial and material resources. Consultation with the community is defined as the level of involvement of grassroots community organizations and citizens in preparing and prioritizing the municipal plans and budgets, as determined by citizen's opinion (on a subjective scale ranging from "A lot" to "Nothing".) Consultation mechanisms include popular assemblies, open council sessions, fora/debates and coordination working group meetings.</p> <p><b>Unit:</b> Percentage</p> |                       |   |                    |                         |    |            |

|  |  |                            |   |   |                                  |            |
|--|--|----------------------------|---|---|----------------------------------|------------|
| COMMENTS/NOTES:  |  |                            |   |   |                                  |            |
| <b>Intermediate Result 5.1.4: Increased Awareness of Social and Ecological Damage Caused by Drug Production and Use.</b>   |  |                            |   |   |                                  |            |
| 1. Percentage of public that recognizes that drug production and consumption cause environmental and social damages.   | Definition: People surveyed that recognizes environmental and social damages caused by coca production, drug trafficking and consumption. Analyzed by socio-economic and geographic variables. | CONTRADROGAS/ CEDRO survey | Knowledge sample survey designed by CONTRADROGAS/USAID, and CEDRO on people living in AD Program zones over 18 years. | Annual in July.                             | SO-5 Awareness RP Cost: \$30,000 | R4         |
| R4 reported  | Unit: percentage   |                            |   |   |                                  | SO 5 & PDP |
| COMMENTS/NOTES:  |  |                            |   |   |                                  |            |
| <b>Intermediate Result 5.2: Effective Law Enforcement and Interdiction</b>   |  |                            |   |   |                                  |            |
| 1. Average price of coca leaf  | Definition: Farm gate price of coca leaf averaged per month.<br>Unit: \$ per arroba (1 arroba = 11.5 Kilograms)  | USAID/INADE/ADP- MIS       | Mid-point average end of month prices reported through INADE's field offices, averaged for the quarter by ADP MIS     | Quarterly in April, July, October, January. | SO-5 MIS unit                    | R4         |
|  |  |                            |   |   |                                  | SO 5 & PDP |
| NOTES: The targets for reduced price of coca leaf will be level at the estimated rate necessary to make legal alternatives competitive for farmer investment of resources. |  |                            |   |   |                                  |            |

## **B. Performance Monitoring Plan (PMP) for the SpO**

The PMP for the SpO includes the indicators needed by activity managers and the SO team to manage for results. To facilitate the USAID/W review, a selected number of indicators will be reported annually through the R4 to measure achievement of the strategy. These indicators are shown in bold.

### **Special Objective Level: Reduced Illicit Coca Production in Target Areas in Peru**

#### Performance Indicators:

- **Hectares devoted to coca production in Peru**
- **Coca leaf production in Peru.**

These indicators will demonstrate whether the development hypothesis is correct that alternative development in combination with successful interdiction/law enforcement can reduce economic dependence on illicit coca. Although USAID activities will be focused in target areas, the data available are at a national level, showing also the effects of interdiction. It is expected that in target areas, reduction rates will be higher than the national average.

### **Intermediate Result 5.1: Increased Commitment to Reduce Hectares Devoted to Coca Production Voluntarily**

#### Indicators:

- **Number of communities represented in signed reduction agreements in ADP target areas**
- **Public perception of costs and benefits of coca production and trafficking in population centers in ADP target areas.**

The IR implies a change in attitudes. The first indicator is a proxy for commitment to reduce coca production. It is intended to measure the "promise" of reduction of the communities, which is based on expectations generated by information on the results of activities under IRs 5.1.1 - 5.1.4 below. They also provide more concrete targets for the level of licit production needed to compensate (at least in part) the reduction in the local economy implied by the agreements. They also help set expectations for the number of hectares that may indeed be reduced.

The second indicator is more directed to the change in attitudes towards coca cultivation. The commitment to reduce coca production will occur as increasing numbers of the local population believe that the benefits no longer outweigh the costs. The costs include social as well as economic, and whether the population perceives any real alternatives.

This result is framed within target areas, as are the supporting results described below.

### **Intermediate Result 5.1.1: Increased Growth of the Licit Economy in Comparison to the Illicit Economy**

Indicators:

- Value of licit production in ADP target areas.
- **Number of jobs generated in ADP target areas**
- **Ratio of illicit agriculture production to total coca production**

The first indicator will capture the growth of the overall licit economy in the ADP target areas. It will be measured by the licit products transported out of the coca growing areas on roads to major markets as a proxy. That dollar volume will be compared to the volume of illicit coca leaf production in metric tons (from the SO level) to obtain the third indicator. This indicator will measure the strength of the licit economy. The second indicator, *number of jobs generated*, captures the effect of the employment alternatives to coca farming.

Two key lower level results have been identified to achieve this result: production and market access.

**Intermediate Result 5.1.1.1: Improved licit agriculture production in coca producing areas**

Indicators:

- Number of hectares devoted to licit agricultural production in ADP areas
- Productivity per hectare of licit agricultural production in ADP areas.

The number of hectares in licit production and productivity per hectare define "productive capacity." The indicators for this IR capture improvements in the key economic activity in coca growing areas. The licit agriculture production is referred to all licit crops. Productivity will be measured for selected crops but in randomly selected fields.

**Intermediate Result 5.1.1.2: Improved market access for licit agriculture production**

Indicator:

- Farm gate producer price as a percentage of end price

This indicator will measure prices of major licit agricultural products in target coca growing areas. As market access increases, the farmers' percentage of the truckers' price will increase. Roads are a necessary input to achieve this result. International price fluctuations in commodities like coffee will affect the absolute amount the farmer receives, but not the percentage. A weighted average by wholesale volume encourages project implementers to focus on market access for high volume products.

**Intermediate Result 5.1.2: Increased Availability and Access to Basic Services to the Target Population in ADP areas.**

Indicator:

- Percent of households with unsatisfied basic needs in ADP target areas.

This IR uses the same indicator and definition as used in SO 2. The indicator captures the availability and access of basic services such as sewerage and education. It reflects higher GOP investments in social infrastructure. This indicator will be revised to consider only the specific variables that could be influenced by USAID activities.

### **Intermediate Result 5.1.3: Increased Public Participation in Local Decision-making**

#### **Indicators:**

- District Municipalities with democratically chosen leadership in the ADP target areas.
- Percentage of local governments that have formal plans and budgets and have consulted on the content and priorities of these plans and budgets with the community.
- District Municipalities with open, public information on the municipal budget.

These indicators attempt to capture citizens' participation in their local governance. The community will be willing to support the legal system and legal activities if allowed to participate in decision making on who decides, what it is, and what it costs.

### **Intermediate Result 5.1.4: Increased Awareness of Social and Ecological Damage Caused by Drug Production and Use**

#### **Indicator:**

- Percentage of public that recognizes that drug production and consumption cause environmental and social damages.

This indicator will track the extent and level of knowledge of people in target areas on the social and ecological costs of drug production and trafficking. This will in turn affect the commitment (IR 5.1) to reduce voluntarily coca production.

### **Intermediate Result 5.2: Effective law enforcement**

#### **Indicator:**

- Average price of coca leaf.

This result is managed and reported on by NAS. USAID will track coca prices to monitor opportunities for interventions.

RESULTS TRACKING TABLE FOR SPECIAL OBJECTIVE: Reduced Illicit Coca Production In Target Areas In Peru

| Performance Indicator  | Indicator Definition and Unit of Measurement   | Data Source                         | Baseline Data      |         | Annual Targets/Actual Performance Data |         |                       |                       |                       |                 |                 |  |
|--|--|-------------------------------------|--------------------|---------|--|---------|-----------------------|-----------------------|-----------------------|-----------------|-----------------|--|
|  |  |                                     | Year               | Value   | 1997                                   | 1998    | 1999                  | 2000                  | 2001                  | 2002            | 2003            |  |
| SPECIAL OBJECTIVE: REDUCED ILLICIT COCA PRODUCTION IN TARGET AREAS IN PERU   |  |                                     |                    |         |  |         |                       |                       |                       |                 |                 |  |
| 1. Hectares devoted to coca production in Peru. (Analyzed by Valleys)  | Definition: Hectares cultivated (not abandoned). Includes licit and illicit coca production.   | USG: CNC & NAS Reports<br>GOP:CORAH | 1995<br>1998 (t)   | 115,000 | 92,700                                 | 90,200  | 79,700<br>40,800 (t)  | 68,300<br>32,640 (t)  | 60,000<br>26,112 (t)  | 0<br>20,880 (t) | 0<br>16,712 (t) |  |
| R4 reported  | Unit: Number of Hectares   |                                     | Total PERU:        |         | 69,000                                 | 51,000  | 38,700                | 34,200                | 34,000                |                 |                 |  |
|  |  |                                     | Central Huallaga   | 6,500   | 2,500                                  | 1,100   | 1,000                 | 950                   | 500                   |                 |                 |  |
|  |  |                                     | Upper Huallaga (*) | 33,700  | 25,100                                 | 21,000  | 15,200                | 12,200                | 13,700                |                 |                 |  |
|  |  |                                     | Aguaylla           | 19,600  | 8,500                                  | 4,800   | 900                   | 1,300                 | 600                   |                 |                 |  |
|  |  |                                     | Pichis-Palcazu     | 7,100   | 2,200                                  | 1,300   | 1,000                 | 900                   | 400                   |                 |                 |  |
|  |  |                                     | Apurimac (**)      | 21,000  | 12,600                                 | 9,000   | 8,100                 | 7,500                 | 8,500                 |                 |                 |  |
|  |  |                                     | Other Areas(***)   | 27,100  | 18,100                                 | 13,800  | 12,500                | 11,350                | 10,300                |                 |                 |  |
| 2. Coca leaf production in Peru. (Analyzed by Valleys)   | Definition: Productivity per hectare (Ha) times number of hectares times number of harvests.<br>Includes licit and illicit production. | USG: CNC & NAS Reports<br>GOP:CORAH | 1995<br>1998 (t)   | 183,600 | 171,495                                | 166,870 | 147,445<br>76,704 (t) | 126,355<br>61,363 (t) | 111,000<br>49,091 (t) | 0<br>39,273 (t) | 0<br>31,419 (t) |  |
| R4 reported  | Unit: Metric Tons.   |                                     | Total PERU:        |         | 130,600                                | 95,600  | 69,200                | 54,300                | 52,600                |                 |                 |  |
|  |  |                                     | Central Huallaga   | 10,400  | 4,000                                  | 1,800   | 1,300                 | 800                   | 950                   |                 |                 |  |
|  |  |                                     | Upper Huallaga (*) | 60,700  | 52,700                                 | 44,100  | 31,100                | 22,600                | 22,500                |                 |                 |  |
|  |  |                                     | Aguaylla           | 30,300  | 14,500                                 | 8,200   | 900                   | 500                   | 375                   |                 |                 |  |
|  |  |                                     | Pichis-Palcazu     | 14,900  | 4,600                                  | 2,700   | 2,100                 | 1,500                 | 1,125                 |                 |                 |  |
|  |  |                                     | Apurimac (**)      | 37,200  | 35,300                                 | 24,300  | 21,100                | 18,100                | 17,600                |                 |                 |  |
|  |  |                                     | Other Areas (***)  | 30,100  | 19,500                                 | 14,500  | 12,700                | 10,800                | 10,050                |                 |                 |  |
| COMMENTS/NOTES: Since original 2001 targets were already met in 1998, revised annual targets for the period 1999-2003 have been agreed upon with the GoP, which include coca eradication. These are marked with (t). Assumptions for achieving targets are as follows: (a) Productivity: Average of 1.88 Metric tons per hectare (1997-2001), and (b) Investment: \$59.5 million (1995-1998), plus \$33 million per year (2000-2001) and \$25 million in 2003. |  |                                     |                    |         |  |         |                       |                       |                       |                 |                 |  |
| According to CNC report (*) Upper Huallaga includes the following areas: a) Tocache-Uchiza, b) Leoncio Prado, and c) Monzon; (**) Includes Palmapampa; and (***) Other areas include a)Lower Huallaga, b) Cusco, and c) others   |  |                                     |                    |         |  |         |                       |                       |                       |                 |                 |  |

| Intermediate Result 5.1: Increased Commitment to Reduce Hectares Devoted to Coca Production Voluntarily   |  |  |      |     |     |     |     |     |      |      |      |
|---|--|--|------|-----|-----|-----|-----|-----|------|------|------|
| 1. Number of communities represented in signed coca reduction agreements in Alternative Development Program (ADP) areas   | Definition: Cumulative number of communities. Reduction agreements are signed by local government authorities with their communities (coordinated by CONTRADROGAS - the GoP counterpart and ADP implementers). Indicator is a proxy measurement for the Intermediate Result. | CONTRADROGAS ADP implementers: USAID/Peru: OLGAD MIS/ Coca reduction agreement records | 1996 | 226 | 226 | 456 | 706 | 850 | 1006 | 1150 | 1300 |
|   |  | Total  |      |     | 239 | 581 | 679 | 679 | 679  |      |      |
|   |  | Priority areas: (ADP target areas)   |      |     |     |     |     |     |      |      |      |
|   |  | Central Huallaga   |      | 122 |     | 153 | 153 | 153 | 153  |      |      |
|   |  | Tocache-Uchiza   |      | 33  |     | 50  | 50  | 50  | 50   |      |      |
|   |  | Aguaytia   |      | 1   |     | 5   | 37  | 37  | 37   |      |      |
|   |  | Pichis-Palcazu   |      | 17  |     | 17  | 17  | 17  | 17   |      |      |
|   |  | Apurimac (*)   |      | 68  |     | 68  | 132 | 132 | 132  |      |      |
|   |  | Sub-total  |      | 239 |     | 291 | 389 | 389 | 389  |      |      |
|   |  | Other Areas (ADP zones)  |      | 0   |     | 290 | 290 | 290 | 290  |      |      |
| <p>COMMENTS/NOTES: The ADP is an integrated program of service delivery interventions designed to induce behavioral changes in people; implementing growth of the licit economy in comparison to the illicit coca-based economy; and improving the quality of life for former coca farmer families and communities, by meeting their basic needs and increasing their participation in local decision making. The Alternative Development Program is being implemented in five target areas and also in some other areas inside the ADP zones more precisely defined by CONTRADROGAS in 1999.</p> <p>ADP zones include: (1) Apurimac River Valley-Ene, (2) Central Huallaga-Upper and Lower Mayo; (3) Upper Huallaga; (4) Aguaytia; (5) Pichis-Pachitea-Perene-Tambo; (6) Lower Huallaga-Yurimaguas; (7) La Convencion-Lares (Cusco); (8) Tambopata-Inambari; and (9) Marañon. (as defined by CONTRADROGAS the GOP counterpart of the ADP)</p> <p>ADP target areas include: (a) Apurimac River Valley in zone 1, (b) Pucallpa-Biavo-Sise-Saposoa (or Central Huallaga) in zone 2, (c) Tocache-Uchiza in zone 3, (d) Pichis-Palcazu-Pachitea in zone 5 and zone 4, and (e) Aguaytia in zone 4. (*) Includes the area of Palmapampa.</p> <p>In April 1998, the original target of cumulative number of communities was adjusted downward to 455, due to reduced funding during FY1997-FY1998.</p> |  |  |      |     |     |     |     |     |      |      |      |

Intermediate Result 5.1.1: Increased Growth of the Licit Economy in Comparison to the Illicit Economy

| 1. Ratio of licit agricultural production to total coca production  | ADP special surveys.                                     | 1996<br>1998 (i)<br>Priority areas:<br>(ADP target areas)<br>Central H.<br>Tocache-Uchiza<br>Aguaylla<br>Pichis-Palcazu<br>Aquiramac. (*) | 37.30 | 38.30 | 40.60 | 47.30<br>164.3 (i)<br>85.40               | 56.80<br>194.1 (i)<br>80.90 | 66.00<br>226.5 (i)<br>85.50 | 0.00<br>262.9 (i) | 0.00<br>303.4 (i) |
|---|--|---|-------|-------|-------|---|-----------------------------|-----------------------------|-------------------|-------------------|
| R4 reported   |  |   |       |       |       |   |                             |                             |                   |                   |
| <p>COMMENTS/NOTES: Since the original 2001 target has been already met, new revised annual targets for the period 1999-2003 have been included, as agreed upon with the GoP. These are marked with (i).</p> <p>1998 Gross Licit Agricultural production in ADP target areas: \$80,266,127. 1998 Gross Production Value of Coca Leaf in ADP target areas: \$57,902,261</p> <p>1999 Gross Licit Agricultural production in ADP target areas: \$64.6 million. 1999 Gross Production Value of Coca Leaf in ADP target areas: \$58.7 million.</p> <p>(*) Includes the area of Palmsapampa.</p> |  |   |       |       |       |   |                             |                             |                   |                   |
| 2. Number of jobs generated in AD Program areas.  | MSPI/ADP reports and Management Information System (MIS) | 1995  | 0     | 1,140 | 6,220 | 11,300<br>9,300<br>1,860 (w)<br>7,440 (m) | 15,810                      | 19,540                      | 22,471            | 24,718            |
| R4 reported   |  |   |       |       |       |   |                             |                             |                   |                   |
| 3. Value of licit production in Alternative Development Program target areas (Analyzed by valley and main product)  | ADP special surveys.                                     | 1996  | 78.1  | 78.8  | 81.2  | 83.7                                      | 86.1                        | 87.9                        | 89.0              | 91.5              |
| <p>COMMENTS/NOTES: (*) Full-time jobs equivalent to 194 work days in agriculture sector.</p>  |  |   |       |       |       |   |                             |                             |                   |                   |

**Intermediate Result 5.1.2: Increased Availability and Access to Basic Services to the Target Population in AD Program areas.**

| 1. Percentage of households with access to basic services in ADP target areas.<br>(Analyzed by Valleys) | ADP special Survey  | 1995<br>1998 (t)  | 84 | 76 | 70   | 66<br>45 (t) | 60<br>50 (t) | 54<br>55 (t) | 0<br>60 (t) | 0<br>65 (t) |
|---|---|---|----|----|------|--------------|--------------|--------------|-------------|-------------|
|   |   |   |    |    |      |              |              |              |             |             |
| R4 reported   | Definition: A household is defined as having access to basic services if it demonstrates at least three of the following:<br>- sewage, sanitation systems<br>- potable water system<br>- schools facilities<br>- health facilities<br>- energy facilities | Priority areas:<br>(ADP target areas)<br>Central Hualaga<br>Tocane-Uchiza<br>Aguaylla<br>Pichis-Palcazu<br>Apurimac (*) |    |    | 39   | 49.4         | 51.2         | 66.1         |             |             |
|   |   |   |    |    |      |              |              |              |             |             |
|   |   |   |    |    |      |              |              |              |             |             |
|   |   |   |    |    |      |              |              |              |             |             |
|   |   |   |    |    |      |              |              |              |             |             |
|   | Unit: Percentage  |   |    |    | 48.4 | 54.5         | 56.6         | 47.2         |             |             |

COMMENTS/NOTES: The original performance indicator was "Percentage of households with unsatisfied basic needs in ADP target areas", and used data from the National Living Standards Survey. For the 1998-2003 period, this indicator will change to "Percentage of households with access to basic services in ADP target areas" (sewage, potable water, schools, health & energy). This new indicator reflects better what the ADP does in terms of basic services, with the community and its local authorities. Data will be gathered through the annual ADP special survey. (\*) Includes the area of Palmapampa

**Intermediate Result 5.1.3: Increased Public Participation in Local Decision-making.**

| 1. Percentage of local governments that have formal plans and budgets and have consulted on the content and priorities of these plans and budgets with the community. | ADP special Survey   | 1995<br>1998 (t)  | 6.0<br>34 | 8.6<br>10.0 | 10.4<br>34.0 (t) | 15.4<br>39.0 (t) | 21.4<br>42.0 (t) | 28.6<br>47.0 (t) | 33.0<br>50.0 (t) | 38.0<br>54.0 (t) |
|---|--|-------------------|-----------|-------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |  |                   |           |             |                  |                  |                  |                  |                  |                  |
| R4 reported   | Definition: A local government is defined as having formal plans and budgets in place if they have: a program of activities with objectives and targets; an implementation schedule; the commitment of organizations responsible for implementation; and financial and material resources. Consultation with the community is defined as the level of involvement of grassroots community groups and citizens in preparing and prioritizing municipal plans and budgets, as determined by citizen's opinion (on a subjective scale ranging from "A lot" to "Nothing"). Consultation mechanisms include popular assemblies, open council sessions, fora/debates and coordination working groups meetings. |                   |           |             | 34.0             |                  |                  |                  |                  |                  |
|   |  |                   |           |             |                  |                  |                  |                  |                  |                  |
|   |  |                   |           |             |                  |                  |                  |                  |                  |                  |
|   |  |                   |           |             |                  |                  |                  |                  |                  |                  |
|   |  |                   |           |             |                  |                  |                  |                  |                  |                  |
|   | Unit: Percentage   |                   |           |             |                  |                  |                  |                  |                  |                  |
| 2. Distric Municipalities with open, public information on the municipal budget.  | Definition: Open, public information means published a distributed or posted in a public location. Budget information means anticipated revenues, operating plan and its global budget.  | 1,996<br>1998 (t) | 44<br>97  |             | 73<br>97         | 120              | 160              | 200              | 220              | 250              |
|   |  |                   |           |             |                  |                  |                  |                  |                  |                  |
|   |  |                   |           |             |                  |                  |                  |                  |                  |                  |
|   |  |                   |           |             |                  |                  |                  |                  |                  |                  |
|   |  |                   |           |             |                  |                  |                  |                  |                  |                  |
|   | Unit: Number of Municipalities   |                   |           |             |                  |                  |                  |                  |                  |                  |

COMMENTS/NOTES: The original base for the Special Objective was 500 municipalities in all Peru's coca growing zones to be reached by the year 2008. However, since the AD Program is implemented in five target areas only, the base has been adjusted to the 250 existing municipalities within the ADP areas and the annual targets for the 1998-2003 period have been changed accordingly. The revised targets are marked with (t).

Intermediate Result 5.1.4: Increased Awareness of Social and Ecological Damage Caused by Drug Production and Use.

| 1. Percentage of public that recognize that drug production and consumption cause environmental and social damages in ADP target areas. | Definition: People surveyed that recognizes environmental damages caused by coca production, and social damages caused by drug production, trafficking and consumption. | ADP special Survey | 1996                                     | 12 | 21 | 31   | 42     | 55     | 59     | 0      | 0      |
|---|---|--------------------|--|----|----|------|--------|--------|--------|--------|--------|
|   |   |                    |  |    |    |      |        |        |        |        |        |
| R4 reported   | Unit: Percentage (disaggregated by geographical areas)  |                    | Env & Social                             |    | 47 | 59   | 65     | 70     | 77     | 81     | 85     |
|   |   |                    | Environmental                            |    |    | 44   | 50 (i) | 60 (i) | 70 (i) | 80 (i) | 85 (i) |
|   |   |                    | Social                                   |    |    | 74   | 75 (i) | 80 (i) | 80 (i) | 83 (i) | 85 (i) |
|   |   |                    | Environmental damages of coca production |    |    |      |        |        |        |        |        |
|   |   |                    | (ADP target areas)                       |    |    | 44   | 72.5   | 29.5   | 46.1   |        |        |
|   |   |                    | Central Huallaga                         |    |    | 45.1 | 72.5   | 31.0   | 56.8   |        |        |
|   |   |                    | Tocane-Uchiza                            |    |    | 48.4 | 73.0   | 35.8   | 42.6   |        |        |
|   |   |                    | Aguaylla                                 |    |    | 43.2 | 70.1   | 27.2   | 35.6   |        |        |
|   |   |                    | Pichis-Palcazu                           |    |    | 35.2 | 56.1   | 20.5   | 35.3   |        |        |
|   |   |                    | Apurimac                                 |    |    | 43.2 | 80.1   | 46.1   | 41.3   |        |        |
|   |   |                    | Social damages of drugs                  |    |    |      |        |        |        |        |        |
|   |   |                    | (ADP target areas)                       |    |    | 74.1 | 95.5   | 93.9   | 93.5   |        |        |
|   |   |                    | Central Huallaga                         |    |    | 78.4 | 99.4   | 96.6   | 96.0   |        |        |
|   |   |                    | Tocane-Uchiza                            |    |    | 73.4 | 98.5   | 99.1   | 98.2   |        |        |
|   |   |                    | Aguaylla                                 |    |    | 70.5 | 98.3   | 97.3   | 96.5   |        |        |
|   |   |                    | Pichis-Palcazu                           |    |    | 83.2 | 93.7   | 95.0   | 94.1   |        |        |
|   |   |                    | Apurimac                                 |    |    | 63.4 | 90.3   | 90.1   | 83.8   |        |        |

COMMENTS/NOTES: To better reflect achievement of this IR, starting in 1998 the public recognition of environmental and social damages will be also reported separately. Since the original combined target for 2001 has been already met, revised annual targets for the period 1999-2001 have been included. These are marked with (i).

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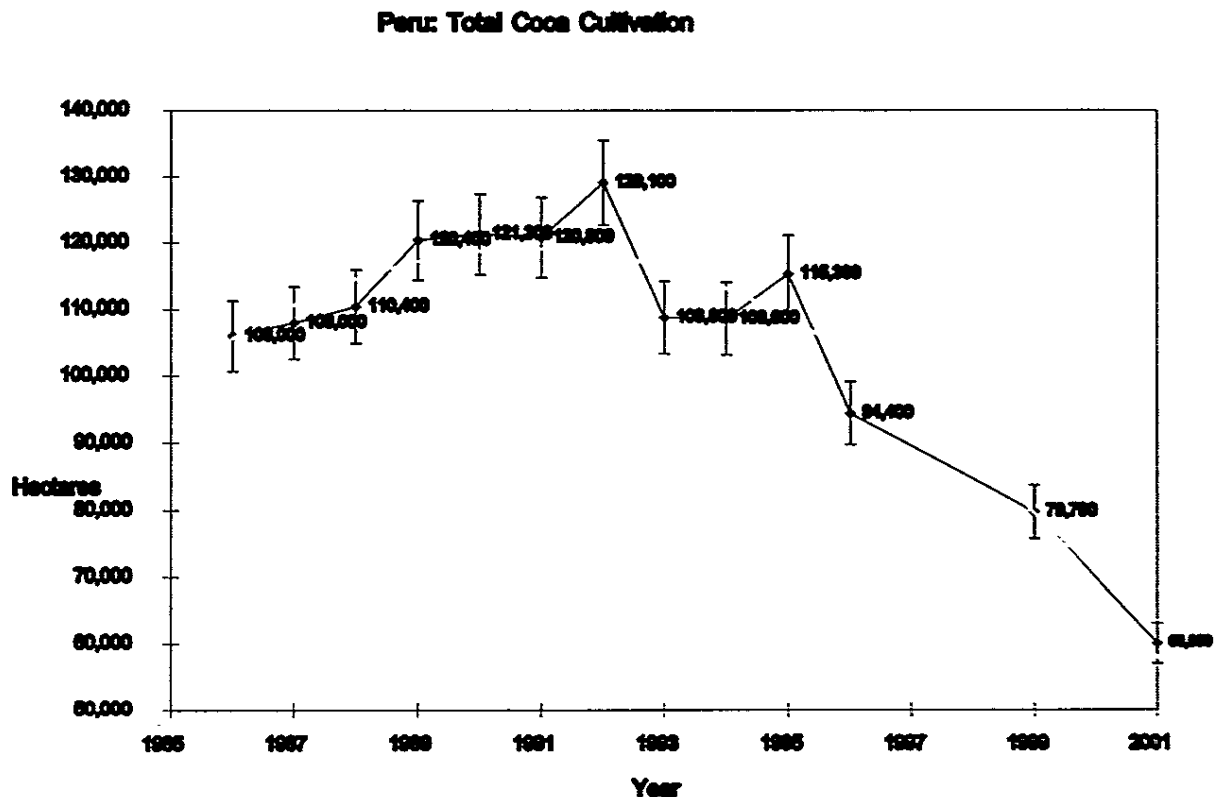
### C. Results Tracking Tables (RTT) for the SpO

The targets for this SPO were mostly estimated using historical information from USAID's experience in Alternative Development activities. In addition, the targets were established assuming required and timely funding levels. Targets will be revised annually according to actual funding levels and performance.

#### Strategic Objective Level: Reduced Illicit Coca Production in Target Areas in Peru

Hectares devoted to coca production in Peru

Coca leaf production in Peru.



In 1995, 115,000 hectares of coca were in cultivation. The ADP seeks to reduce the total illicit coca (around 82,000 ha)<sup>1</sup> by the year 2008 at an investment of \$25 million per year. Projected hectares for coca cultivation were estimated given NAS historical data, ADP experience, the extent of coca in ADP target areas, expected investments and agricultural cycles, and the level of funding. NAS historical data on coca leaf production and number of hectares cultivated provided the data for the baseline and projected targets for production.

<sup>1</sup>Chart/totals reflect the total licit and illicit coca; the difference is legally permitted by GOP.

**IR 5.1: Increased Commitment to Reduce Hectares Devoted to Coca Production Voluntarily**

Number of communities represented in signed reduction agreements in ADP target areas

During 1996, 226 communities signed voluntary coca reduction agreements. Targets were estimated considering previous ADP experience in working with communities, future social communication activities and expected funding levels.

Public perception of costs and benefits of coca production and trafficking in population centers in ADP target areas.

Targets will be established in late 1997 after completion of perception studies.

**IR 5.1.1: Increased Growth of the Licit Economy in Comparison to the Illicit Economy.**

Value of licit production in ADP target areas

Ratio of licit agriculture production to total coca production

Number of jobs generated in ADP areas

Targets for these indicators are based on the results projected in the lower level IRs below adjusted with historical data. The number of jobs generated (full-time equivalents) takes into account the increases in legal agriculture and the projected increases in off-farm activities, and other temporary jobs that will be generated due to public infrastructure construction.

**IR 5.1.1.1: Improved licit agriculture production in coca producing areas**

Number of hectares devoted to licit agriculture production

The baseline for the number of hectares for 1996 came from limited projections using the 1995 national agriculture census as a basis. The increases are based on the analysis of the availability of arable land, the type of products and expected provision of technical assistance for the areas.

Productivity per hectare of licit agricultural production

To be determined

**IR 5.1.1.2: Improved Market Access for Licit Agriculture Production**

Farm gate producer price as a percentage of end price

Historical data is the base for the projections, considering the estimated effect on prices of main products due to road improvements.

**IR 5.1.2: Increased Availability and Access to Basic Services to the Target Population in ADP areas.**

Percentage of households with unsatisfied basic needs

Achievements for this IR will depend largely on GOP social investments in this area, so targets were estimated using national projections to reduce poverty. Targets will be adjusted once the household survey for ADP areas is completed.

**IR 5.1.3: Increased Public Participation in Local Decision-making**

District Municipalities with democratically chosen leadership in the ADP target areas.  
Percentage of local governments that have formal plans and budgets and have consulted on the content and priorities of these plans and budgets with the community.

District Municipalities with open, public information on the municipal budget.

Results obtained in the Local Government Development activity provided for information for the baseline and the basis to set the targets for these indicators. Historical data were adjusted by the expected funding levels for the projected years.

**IR 5.1.4: Increased Awareness of Social and Ecological Damage Caused by Drug Production and Use**

Percentage of public that recognizes that drug production and consumption cause environmental and social damages

Targets for this IR will be revised once the survey for the ADP areas is completed. The preliminary targets were based on a limited survey in one area, projected with the results obtained from CEDRO in narcotics awareness activities during the last 15 years.

**IR 5.2: Effective law enforcement**

Average price of coca leaf

USAID assumes a flat target coca leaf price that makes coca production no longer an attractive alternative to coca farmers.